

AR24

# TOMBILL MINES LIMITED

Information Circular

and

Forty-First Annual Report

December 31, 1977







## TOMBILL MINES LIMITED

### NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

#### TO THE SHAREHOLDERS:

NOTICE is hereby given that the Annual Meeting of Shareholders (the "Meeting") of TOMBILL MINES LIMITED will be held at the 28th Floor, Toronto-Dominion Centre, Toronto, Ontario, on Wednesday, April 26, 1978, at the hour of 11:00 a.m., Toronto time, for the following purposes:

1. To receive the Report of the Directors and the Financial Statements for the year ended December 31, 1977, and the Auditors' Report on the Financial Statements.
2. To elect a Board of Directors to serve for the ensuing year.
3. To appoint Auditors for the ensuing year and to authorize the Directors to fix their remuneration.
4. To transact such other business as may properly be brought before the Meeting, or any adjournment thereof.

By order of the Board of Directors.

S. Kozel  
Secretary

March 31, 1978

NOTE: IF YOU ARE UNABLE TO ATTEND THE MEETING AND WOULD LIKE YOUR SHARES REPRESENTED, PLEASE COMPLETE AND SIGN THE ENCLOSED FORM OF PROXY AND MAIL IT IN THE ENCLOSED ENVELOPE.

**TOMBILL MINES LIMITED**  
**28th Floor, Toronto-Dominion Centre**  
**Toronto, Ontario, Canada**  
**M5K 1B8**

**INFORMATION CIRCULAR**  
**(March 6, 1978)**

**GENERAL INFORMATION**

The management of Tombill Mines Limited (the "Corporation") is soliciting proxies for the Annual Meeting of Shareholders (the "Meeting") mentioned in the attached notice, and this Information Circular is furnished in connection with such solicitation of proxies. If the enclosed form of proxy is duly executed and returned, all shares in respect of which the persons named therein are appointed to act will be voted or withheld from voting, in accordance with the shareholder's specification, on any ballot that may be called for at the Meeting. Should no such specification be made, then the shares will be voted as stated herein and in the enclosed form of proxy.

The persons named in the enclosed form of proxy are Directors of the Corporation. A SHAREHOLDER HAS THE RIGHT TO APPOINT A PERSON (WHO NEED NOT BE A SHAREHOLDER) TO REPRESENT HIM AT THE MEETING OTHER THAN THOSE NAMED IN THE ENCLOSED FORM OF PROXY. SUCH RIGHT MAY BE EXERCISED BY INSERTING SUCH OTHER PERSON'S NAME IN THE BLANK SPACE ON THE FACE OF THE ENCLOSED FORM OF PROXY OR BY COMPLETING ANOTHER APPROPRIATE FORM OF PROXY.

Any shareholder executing a proxy may revoke the proxy by instrument in writing executed by the shareholder or by his attorney authorized in writing or, if the shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized, and deposited at the head office of the Corporation at the above address at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, or with the chairman of the Meeting on the day of the Meeting or any adjournment thereof.

The cost of sending notice of the Meeting and soliciting proxies for the Meeting will be paid by the Corporation. The solicitation of proxies will be by mail, possibly supplemented by telephone or other personal contact by regular employees of the Corporation.

The enclosed form of proxy will confer discretionary authority upon the persons named therein with respect to any variations from the matters set forth in the attached notice and with respect to any other matters that may properly come before the Meeting.



The only business that management knows will be presented for action at the Meeting is the business described in the attached notice. If other matters properly come before the Meeting, it is the intention of the persons named in the enclosed form of proxy to vote said proxy in accordance with their judgment on such matters.

The Corporation's common shares are the only shares entitled to vote at the Meeting. Each share is without nominal or par value and is entitled to one vote. As of March 6, 1978, the Company has outstanding 4,650,000 common shares.

As of March 6, 1978, Anglo American Corporation of Canada Limited ("Amcan"), through its wholly-owned subsidiary, Anglo American Corporation of Canada Exploration Limited, both of P.O. Box 28, Toronto-Dominion Centre, Toronto, Ontario M5K 1B8), owns 2,355,900 shares, representing approximately 50.7% of the total outstanding shares. To the knowledge of the Corporation, no person other than Amcan owns or controls more than 10% of the Corporation's outstanding shares.

### INFORMATION RESPECTING ELECTION OF DIRECTORS

It is the intention of the persons named in the enclosed form of proxy to vote such proxy in favour of the election to the Board of Directors of the 9 nominees of management listed in the following table (in the event that authority is not withheld) for terms to expire at the 1979 Annual Meeting of Shareholders.

All of the nominees are now members of the Board of Directors. Should any nominee become unable to accept nomination for election, the persons named in the enclosed form of proxy will vote for the election of such other person to the office of Director as the management may recommend in place of such nominee.

The table below shows as of March 6, 1978, (1) the name of each of the nominees; (2) his principal occupation or employment; (3) all other major positions and offices held by each of the nominees with the Corporation; (4) the period during which each of the nominees has served as a Director; and (5) the approximate number of shares of the Company that each nominee beneficially owns or controls directly or indirectly.

<u>Name, Principal Occupation and Other Major Positions</u>	<u>Director Since</u>	<u>Common Shares Beneficially Owned or Controlled</u>
A.M. Doull..... Senior Vice-President - Finance, Hudson Bay Mining and Smelting Co., Limited (diversified natural resources-oriented company); also President of the Corporation.	1973	—
H.R. Fraser..... Chairman of the Board and Chief Executive Officer of Hudson Bay Mining and Smelting Co., Limited; also Chairman of the Board of the Corporation.	1972	1,000

J.A. Grant.....	1946	150,000
Retired; Honorary Chairman of the Corporation.		
E.P. Gush.....	1977	--
President of Hudson Bay Mining and Smelting Co., Limited.		
F.W. Hewitt.....	1946	50,100
Chairman, Foster Hewitt Broadcasting Limited (CKFH).		
P.H. Page.....	1974	1,000
Comptroller, Hudson Bay Mining and Smelting Co., Limited; also Treasurer of the Corporation.		
S.H. Robinson, Q.C.....	1952	7,000
Partner, Holden, Murdoch, Walton, Finlay, Robinson (Barristers and Solicitors).		
C.K. Taylor, Q.C.....	1976	--
Senior Vice-President - Administration, Secretary and General Counsel, Hudson Bay Mining and Smelting Co., Limited.		
R.V. Tomkins.....	1967	100
General Manager, Francana Minerals Ltd. (sodium sulphate producer).		

#### INFORMATION RESPECTING REMUNERATION OF DIRECTORS AND OFFICERS

The aggregate remuneration paid by the Corporation during the year 1977 to Directors and senior Officers of the Corporation (as defined in the Business Corporations Act, Ontario) amounted to \$10,000. The Directors and Officers in their capacities as such are not entitled to any pension or retirement benefits.

#### INFORMATION RESPECTING TRANSACTIONS WITH ANGLO AMERICAN CORPORATION OF CANADA LIMITED

The Corporation entered into an agreement dated June 29, 1972, with Amcan under which the Corporation acquired a 5% interest in current and future exploration programmes under a joint prospecting agreement between Amcan and Hudson Bay Mining and Smelting Co., Limited ("Hudson Bay"). In December, 1977, the Corporation advised Amcan and Hudson Bay that with the exception of certain current projects, it did not intend to participate in any further such programmes.

During the year 1977, the Corporation paid \$88,757 to cover its 5% share of the costs of the joint prospecting programme.




## INFORMATION RESPECTING APPOINTMENT OF AUDITORS

At the Meeting, action will be taken to appoint the firm of Deloitte, Haskins & Sells of Toronto, as Auditors to serve until the 1979 Annual Meeting of Shareholders at a remuneration to be fixed by the Directors. Representatives of that firm are expected to be present at the Meeting with the opportunity to make a statement if they desire to do so and to be available to respond to appropriate questions.

The Board of Directors recommends that the shareholders vote in favour of such appointment, and it is the intention of the persons named in the enclosed form of proxy to so vote (in the event that authority is not withheld).

S. Kozel  
Secretary

March 6, 1978



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# TOMBILL MINES LIMITED

(Incorporated under the laws of the Province of Ontario)

## Directors:

A.M. Doull

H.R. Fraser

J.A. Grant

E.P. Gush

F.W. Hewitt

P.H. Page

S.H. Robinson, Q.C.

C.K. Taylor, Q.C.

R.V. Tomkins

## Officers:

H.R. Fraser

Chairman

J.A. Grant

Honorary Chairman

A.M. Doull

President

R. Davies

Vice-President

Shirley Kozel

Secretary

P.H. Page

Treasurer

## Head Office:

P.O. Box 28, Toronto-Dominion Centre, Toronto, Ontario M5K 1B8

## Transfer Agent and Registrar:

Crown Trust Company, 320 Bay Street, Toronto M5H 2P4

## Auditors:

Deloitte, Haskins & Sells, Toronto, Ontario

## Counsel:

Holden, Murdoch, Walton, Finlay, Robinson, Toronto, Ontario

## Annual Meeting:

The Annual Meeting of the Corporation will be held in the Board Room, 28th Floor, Toronto-Dominion Centre, Toronto, Ontario, on Wednesday, April 26, 1978, at 11:00 a.m., Toronto time.







## **Report of Directors**

To The Shareholders:

The Company's revenue from dividends and interest totalled \$94,139, compared with \$124,262 for 1976, the decrease being mainly due to a reduction in the dividends paid by Hudson Bay Mining and Smelting Co., Limited which recorded consolidated earnings before an extraordinary item of \$4,413,000 or \$0.44 per share, and net earnings, after an extraordinary item of \$56,990,000, or \$5.64 per share. This extraordinary gain was due entirely to the sale of Hudson Bay Mining's potash assets in Saskatchewan. Continuing weak markets for base metals resulted in Hudson Bay Mining's low earnings before this extraordinary item.

Exploration expenditures by the Company in 1977 amounted to \$90,645, and new borrowing amounted to \$54,619.

### **Francana Minerals Ltd.**

Francana Minerals Ltd., in which the Company has a 40% interest, had net earnings of \$107,162 in 1977, compared with \$241,653 in 1976. While the market for detergent-grade sodium sulphate remained relatively steady in 1977, the market for lower-grade sodium sulphate (salt cake) was very weak. Under such market conditions, it has not been possible to offset increases in costs with increases in prices, hence the further decline in earnings.

The outlook for 1978 for both grades of sodium sulphate is not encouraging, with both markets in an oversupply situation.

### **Joint exploration with Anglo American Corporation of Canada Limited and Hudson Bay Mining and Smelting Co., Limited**

The Company maintained its 5% interest in the joint exploration programs carried out by Hudson Bay Exploration and Development Company Limited. Base-metal exploration was carried out in Ontario, Quebec, British Columbia, the Yukon and exploration for uranium continued in Saskatchewan. A total of 27,725 feet was drilled to test 69 geophysical anomalies and explore mineralized zones but nothing of economic significance was encountered. Anomalies located by airborne geophysical surveys continued to be evaluated on the ground by geophysical and geochemical methods.

In 1978 the Company will reduce its participation in the joint exploration programs to approximately \$67,000. A 5% interest will be maintained but only in selected programs in Ontario, Quebec, Saskatchewan and the Yukon.







**Gulch Mines Inc.**

Gulch Mines Inc. carried out no exploration work in 1977.

Subsequent to the year-end, the shareholders of Gulch ratified an agreement between Gulch, the Corporation and Mr. G.R. Hugo whereby Mr. Hugo was to transfer to Gulch the 100 shares which constitute the issued capital of Portland Petroleums Limited, a corporation registered and resident in the province of Alberta, in exchange for 2,700,000 new Gulch shares valued at 10¢ per share. In addition, Gulch agreed to place privately 2,299,095 new shares at 11¢ per share. The net result is that the Company's interest in Gulch was diluted from 37.7% to 7.2% and Gulch will now be actively involved in oil and gas exploration in Western Canada.

**Craskie Mines, Limited**

Craskie Mines, Limited, an 82.5%-owned subsidiary of the Corporation, did not do any work in 1977 on its gold prospect in Vincent Townships, Ontario. The 15 leased claims have been kept in good standing.

On behalf of the Board,

H.R. Fraser  
Chairman

March 6, 1978





AUDITORS' REPORT

To the Shareholders of  
Tombill Mines Limited:

We have examined the balance sheet of Tombill Mines Limited as at December 31, 1977 and the statements of net exploration, development and other expenditures and of changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the company as at December 31, 1977 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

*Deloitte, Haskins & Sells*

Toronto, Ontario  
January 24, 1978

Chartered Accountants





TOMBILL MINES LIMITED

(Incorporated under the Laws of the Province of Ontario)

BALANCE SHEET AS AT DECEMBER 31, 1977

(with prior year's figures for comparison)

	<u>1977</u>	<u>1976</u>
CURRENT ASSETS:		
Accounts receivable.....	\$ 26	\$ 45
Due from associated company.....	18,824	12,841
Dividend receivable.....	<u>-</u>	<u>30,900</u>
Total current assets.....	18,850	43,786
INVESTMENTS (Note 1).....	1,821,751	1,820,790
MINING PROPERTIES.....	1,191,262	1,191,262
NET EXPLORATION, DEVELOPMENT AND OTHER EXPENDITURES (Note 2).....	<u>1,324,654</u>	<u>1,268,917</u>
TOTAL.....	<u>\$4,356,517</u>	<u>\$4,324,755</u>
 <u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>		
CURRENT LIABILITIES:		
Accounts payable and accrued charges.....	\$ 8,552	\$ 31,409
Loan from associated company.....	<u>302,081</u>	<u>247,462</u>
Total current liabilities.....	<u>310,633</u>	<u>278,871</u>
SHAREHOLDERS' EQUITY:		
Capital stock:		
Authorized - 5,000,000 shares without par value		
Issued and fully paid - 4,650,000 shares.....	3,831,500	3,831,500
Retained earnings (no transactions during the year)....	<u>214,384</u>	<u>214,384</u>
Total shareholders' equity.....	<u>4,045,884</u>	<u>4,045,884</u>
TOTAL.....	<u>\$4,356,517</u>	<u>\$4,324,755</u>

Approved by the Board:

H. R. FRASER, Director.

J. A. GRANT, Director.

The accompanying notes are an integral  
part of the financial statements.





TOMBILL MINES LIMITED

STATEMENT OF NET EXPLORATION, DEVELOPMENT AND OTHER EXPENDITURES

FOR THE YEAR ENDED DECEMBER 31, 1977

(with prior year's figures for comparison)

	<u>1977</u>	<u>1976</u>
EXPENDITURES:		
Exploration and development.....	\$ 90,645	\$ 192,886
Administration and secretarial.....	7,200	7,200
Annual meeting and reports.....	3,935	2,508
Capital tax.....	2,971	5,817
Interest.....	22,943	16,419
Legal and audit.....	2,585	2,900
Office.....	1,920	2,793
Rent.....	3,600	3,600
Salaries.....	10,000	10,000
Transfer agent and registrar.....	3,326	3,417
Travel.....	751	1,215
	<hr/>	<hr/>
Total expenditures.....	149,876	248,755
	<hr/>	<hr/>
INCOME:		
Dividends.....	92,700	123,600
Interest.....	1,439	662
	<hr/>	<hr/>
Total income.....	94,139	124,262
	<hr/>	<hr/>
NET EXPENDITURES.....	55,737	124,493
	<hr/>	<hr/>
NET EXPENDITURES AT BEGINNING OF THE YEAR.....	1,268,917	1,144,424
	<hr/>	<hr/>
NET EXPENDITURES AT END OF THE YEAR.....	\$1,324,654	\$1,268,917
	<hr/>	<hr/>

The accompanying notes are an integral  
part of the financial statements.





TOMBILL MINES LIMITED

STATEMENT OF CHANGES IN FINANCIAL POSITION

FOR THE YEAR ENDED DECEMBER 31, 1977

(with prior year's figures for comparison)

	<u>1977</u>	<u>1976</u>
FUNDS APPLIED:		
Net exploration, development and other expenditures.....	\$ 55,737	\$124,493
Advances to Craskie Mines, Limited.....	<u>961</u>	<u>1,233</u>
Total funds applied and increase in working capital deficiency for the year	56,698	125,726
WORKING CAPITAL DEFICIENCY AT BEGINNING OF THE YEAR.....	<u>235,085</u>	<u>109,359</u>
WORKING CAPITAL DEFICIENCY AT END OF THE YEAR.....	<u>\$291,783</u>	<u>\$235,085</u>

The accompanying notes are an integral  
part of the financial statements.





TOMBILL MINES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 1977

1. INVESTMENTS:

Investments are stated at cost and comprise the following:

	<u>Ownership</u>	<u>1977</u>	<u>1976</u>
Subsidiary company:			
Craskie Mines, Limited:			
1,047,124 shares without par value (unquoted).....	82.5%	\$ 52,620	\$ 52,620
Advances.....	-	5,907	4,946
Effectively controlled companies:			
Gulch Mines Inc.:			
448,215 shares without par value (market value 1977 - \$112,054; 1976 - \$53,786).....	37.7%	203,787	203,787
Franca Minerals Ltd.:			
80,000 5% preferred shares (unquoted).....	40.0%	800,000	800,000
226,000 common shares (unquoted).....	40.0%	460,000	460,000
Other:			
Hudson Bay Mining and Smelting Co., Limited:			
154,500 Class 'A' common shares (market value 1977 - \$2,568,563; 1976 - \$2,800,313).....	1.5%	299,437	299,437
		<u>\$1,821,751</u>	<u>\$1,820,790</u>

Investment in Craskie Mines, Limited:

The company's equity in the net assets of Craskie Mines, Limited exceeds its investment therein at December 31, 1977. The assets of Craskie Mines, Limited consist primarily of deferred exploration, development and other expenditures amounting to approximately \$131,000. The accounts of Craskie Mines, Limited are not consolidated with the accounts of the company since the subsidiary is presently inactive.

Investment in Gulch Mines Inc.:

The company's equity in the net assets of Gulch Mines Inc. exceeds its investment therein at December 31, 1977. The assets of Gulch Mines Inc. consist primarily of deferred exploration, development and other expenditures amounting to approximately \$2,087,000.

Effective January 24, 1978 the shareholders of Gulch Mines Inc. ratified the issuance of approximately 5,000,000 shares of that company thereby reducing the interest of the company from 37.7% to 7.2%.



TOMBILL MINES LIMITEDNOTES TO THE FINANCIAL STATEMENTSDECEMBER 31, 1977

## 1. INVESTMENTS: (continued)

## Investment in Francana Minerals Ltd.:

The company's equity in the net assets of Francana Minerals Ltd. is in excess of its investment therein by approximately \$201,000 at December 31, 1977. Francana Minerals Ltd. had net income of \$107,162 for the year ended December 31, 1977, and, as at that date, had dividend arrears on its preferred shares amounting to \$941,668 of which \$376,667 relates to Tombill Mines Limited.

## 2. NET EXPLORATION, DEVELOPMENT AND OTHER EXPENDITURES:

It is the policy of the company to defer all such expenditures.

## 3. INCOME TAXES:

Accumulated exploration expenditures of approximately \$2,664,000 are available for application against taxable income of future years.

## 4. REMUNERATION OF DIRECTORS AND SENIOR OFFICERS:

The aggregate remuneration of directors and senior officers, as defined in The Business Corporations Act, Ontario, amounted to \$10,000 for the years ended December 31, 1977 and 1976.

## 5. ANTI-INFLATION ACT:

The company is subject to the provisions of the Anti-Inflation Act and Regulations enacted by the Federal Government, effective October 14, 1975. Under this legislation certain restrictions are placed on prices, profit margins, compensation and dividends.









